Why Warren Hirsh left Fashion Ave. for Main St. U.S.A.

Saleswomen on humiliation, and the good life

S&MM

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SALES & MARKETING MANAGEMENT

TELEMARKETING MAKES THE CONNECTION

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ABP ABC BPA ABC

59 million TV dinners

A closer look at today's singles market will prompt anyone to cast aside a lot of the old stereotypes, especially about age, connected with this market. True, the market is dominated by young unmarrieds, presumably with money to spend, but also included in it are the widowed, retirees, and the divorced—a far cry from the kinds of people normally associated with the youthful "swinging single" lifestyle.

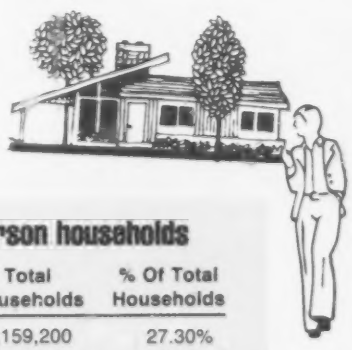
Out of a total of 59 million singles (those over the age of 18), approximately 13 million are widows or widowers, and 70% of them are over the age of 65. Next, we have those who are divorced or separated, a total of 15 million, of which roughly 12 million are between the ages of 25 and 65. Finally, there are the 31 million "never-marrieds," which span all age groups. However, nearly 60% of those in this category are under age 24, and it is expected that many of these people will eventually marry. Statistically speaking, this is a constantly changing and fairly diverse group of people. What could they possibly have in common, you might ask? The answer is food, and more specifically, the need for attention from food marketers.

Marketers are only recently beginning to wake up to this huge segment, even though it is estimated that there are more than 20 million singles who live alone, roughly a quarter of all U.S. households. Most of these people are individual shoppers, as opposed to households where one member shops for the group.This, according to a research report published by the Newspaper Advertising Bureau, has still not helped to change the way in which food and other necessities are packaged. America is still the land of the "giant economy size," the "value-pak," and the "family-size" portion. Little attention has been paid to the fact that single people rarely have a need for this type of volume in their food purchases. Some advances have been made, of course, with the introduction of frozen entrées like Stouffer's Gourmet and Campbell's Le Menu lines, but on the whole, the industry has a long way to go in addressing the needs of this segment, which is expected to grow to almost 30 million households by 1995.

Preference studies indicate that singles are primarily concerned with two factors in their food purchases: taste and the ease of preparation. Because of this, they are likely to spend more for foods that offer these advantages, with little concern for expense. Singles also give low-priority status to nutrition, most likely a casualty of the taste factor. But most important to marketers, they spend almost twice as much for food on a per-capita basis than do those in multi-person households. This is partly because the smaller portions singles purchase cost more on a per-serving basis than do larger packages purchased by families.

Is the food industry discriminating against the single purchaser? Is there no way for a single person to get a decent, healthy meal without having to spend a small fortune and end up throwing half of it away? The answer to these questions is a definite maybe. At least food marketers are beginning to consider the plight of the single shopper, and with the number of single-person households expected to grow by 52% in the next 15 years, marketers will soon be forced to cater to the individual buyer, regardless of their distaste for selling small portions.

By Richard Kern
Editorial Director, S&MM Surveys



As seen by the Survey: Single-person households

State	Single-Person Households	Total Households	% Of Total Households
Florida	1,135,655	4,159,200	27.30%
New York	1,765,323	6,501,100	27.15
California	2,384,499	9,296,100	25.65
Illinois	1,030,313	4,157,900	24.77
Pennsylvania	1,036,481	4,337,000	23.89
Texas	1,240,803	5,447,900	22.77

Source: *Sales & Marketing Management's 1983 Survey of Buying Power Data Service.*
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to determine how receptive consumers would be to the bagel stores in such cities as Miami, Cleveland, Detroit, San Francisco, and Los Angeles. The chain has since expanded into Ohio and is up to 10 stores; plans call for 150 to 200 stores, all company owned, within five years.

Two things besides the strong financial situation attracted Reynolds to Skolniks. On the menu side, each Bagel Bakery offers a variety of spreads, with names like Healthnut and Meltaway Raisin, that are developed by its own staff and are therefore unique to this chain. On the operations side, there is a computerized ordering system that registers each order in an inventory bank. Management of the outlet thus knows exactly which items are and are not selling. The same system tracks raw materials.

Skolniks Bagel Bakery is currently being run by George Haggerty, who was previously with a Canadian fast-food chain that specialized in—appropriately enough—doughnuts. As the chain grows, however, management will be decentralized and RJR will hire regional managers.

BANK MARKETING

A future for checks

One might think that Bank of America's announcement in May that it was expanding its northern California home-banking operation to southern California would put a damper on the expansion plans of Clarke Checks, Inc. but it's not the case.

This month the San Antonio, TX, company opened its first California plant, a 1,200-foot, $1.2 million facility in Ventura, and the company plans to steam ahead in its three-year-goal of capturing 10% of the state's $114 million annual check-printing business.

While conceding that electronic banking is making inroads into check writing, which threatens to make paper transactions extinct, as soon as eight to nine years from now, Clarke management points out that the check-printing business is still a growth industry.

In a two-year study conducted for the Bank Stationers Assn., Electronic Banking, Inc. found that consumers wrote 24.6 checks per month in 1982 vs. 20 checks per month in 1980.

And, says James Coln, president and CEO, the rate is rising. He expects it will continue to do so for the next few years because of the increase in two-income families, and a surge in new accounts to match a projected jump in single households.

The study also showed that during this same period checks written to cash dropped by 40%, down from 3 checks per month in 1980 to 1.2 per month in 1982, indicating that when electronic banking is available consumers do opt for it.

Sheldon Golub, spokesman for the American Bankers Assn., Washington, DC, says that the banking industry estimates that by 1990, some 9 to 12 million individuals and businesses will be doing their

S&MM MARKET HIGHLIGHT

Software's distribution channels

Distribution channels for office-based personal computer (PC) software will undergo striking changes as the market explodes by an estimated 398% to $6.7 billion in the 1983–88 period, a new projection by Future Computing, Richardson, TX, shows. Software-only stores will experience the fastest growth, fattening their market share from 3.8% to 20.1%. But computer stores will continue to lead the pack despite a share slippage from 53.4% to 38.1%.

Distribution Channel	1983 Sales (Mil. $)	1988 Sales (Mil. $)	% Growth 1983–88
Computer specialty store	$ 722	$2,564	255%
Software-only store	51	1,353	2,553
Fortune 1000 direct sale	53	675	1,174
Electronic distribution	37[1]	587	1,486
Mail order	327	534	63
Mass merchandiser	33	379	1,048
Value-added reseller	94	376	300
Education market direct sale	41	93	127
OEMs & other	31	166	435
Total	**$1,351**	**$6,726**	**398%**

[1]1984 estimate; 1983 sales negligible
Source: Future Computing
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With everyone predicting the end, why is James Coln smiling?

NEW MARKETS

Plymouth 'cheers' for sales reps

With an account base of 30,000 mass market outlets, stationery and school supplies marketer Plymouth, Inc. now wants to get into gift stores and college bookstores. Sales and marketing vice president Pat Patterson says the Bellmawr, NJ, company has an expansion plan, with manufacturers' reps featured. The elements of the plan:

- Customer base: Patterson has targeted 20,000 accounts that he aims to penetrate.
- Product line: Plymouth will offer its full line of Snoopy and other licensed products to the new outlets, but will also develop lines specifically for them. The products will be sold under the name Cheers Workshop, to differentiate them from Plymouth's mass market items. Also, Patterson says, other companies that sell to gift stores use similarly upbeat names for their lines.
- Sales force: Some time back, Plymouth switched from manufacturers' reps to a direct sales force because management believed that its products required more attention than they would get from a rep (S&MM, Jan. 12, 1981). It now has 14 direct salespeople. Cheers Workshop, however, will be sold by 15 rep organizations, with about 10 people each. The reason, Patterson says, is that salespeople for the new line will be calling on single stores rather than chain headquarters, and it's not cost efficient to have company salespeople make such calls.

Cheers Workshop was announced June 1 with mailings to distributors and to the gift stores that Patterson wants as his new customers.

Patterson's new reps will be knocking on gift shop doors.

SALES TRAINING

After 106 years . . .

Retraining its sales force was the first step in a corporate makeover that's turned Acacia Mutual Life Insurance into one of the industry's fastest growing, and raised its average policy from $28,000 in 1978 to $75,000 in 1983. Duane Adams, named Acacia's CEO this January, joined the then sleepy 106-year-old company with 6% annual growth as marketing director in 1976. Since 1980, the Washington-based company's annual compound growth in first-year premiums has been 33% and life insurance sales are up from $520 million in 1978 to more than $1 billion for the second consecutive year.

Charles Larance, Acacia's president of corporate communications, says "Adams helped us erase the blackboard and start over. First off, we realized most sales training in the industry hadn't changed in 100 years and was based on memorizing a spiel and finding enough willing listeners. If anyone objected, it was taught, you gave him comeback No. 24 and squeezed till his wallet popped out."

Acacia hired a psychology professor and well-known life insurance educator to collaborate on a video-based training program, named behavioral dynamics. Videotapes of lectures and enactments of human behavior by actors were interspersed with discussions, exercises, and role-playing, which was often videotaped, played back, and critiqued. The aim was to get salespeople to know themselves, and therefore their customers, better.

Since the new humanistic approach proved so successful, Acacia applied it internally as well, setting participative management as a corporate goal. Today all managers, most senior supervisors, and many others, down to administrative assistants, attend week-long "communication labs." Sales meetings are held differently too, from subtle changes such as no head tables at meals to the open forums and roundtable discussions that replace the set agendas of the past. For example, Larance says, "Last week we realized there was confusion in the field about a new product so we invited opinion leaders, the top 20 or so agents, in for a two-day meeting. Duane Adams said 'it's your meeting, tell me what you're ticked off about,' and they talked till 10:15 the first night."

The sales force was also reorganized from geographical regions to networks of agencies which shared similiar problems. Agencies with fewer agents that were working on emerging markets made up one network, agencies with lots of experienced agents working in sophisticated business and estate-planning markets made up another, and so on. Each network is managed by a marketing vice president, a general manager, and one or more sales managers, as required, who regularly share ideas.

WOMEN IN SALES

Less fem-lib

Anyone who attends a trade show in the hi-tech area these days has to be impressed by the greater presence of female salespeople taking orders in the booths. A new survey by Schoonmaker Associates, publisher of *Mainly Marketing*, a marketing newsletter in the electronics industry, suggests that this is indicative

of substantial progress achieved by women marketers in the hi-tech industries.

For one thing, as the table below suggests, women are much more deeply involved in a broader range of sales and marketing functions than was the case as recently as four years ago. This trend has been accompanied, Schoonmaker observes, by "a significant shift from routine to problem-solving" types of responsibilities.

When it comes to the touchy areas of equal pay and sex discrimination, much of the fem-lib fervor seems to be waning. Only one in four, 24%, of women marketers feel they earn less than men in comparable positions within the company, while more than one-third, 37%, feel they have achieved equality, and one-third, 33%, admit they don't know. Almost half, 46%, of the women report they have not experienced sex discrimination within their companies, while one-fifth, 21%, contend they still encounter "no respect, are not taken seriously, or must do twice as much to prove myself." Adds Schoonmaker: "While sex wars won't vanish . . . [future] hard-core discrimination will come from other women, clerks jealous of jobs they can't get, competitors resorting to catty ploys, suspicious and jealous wives."

The biggest obstacle to women marketers' future progress, Schoonmaker warns, is the lack of educational credentials. Almost half, 41%, don't have a college degree. "Women need to recognize more clearly," the publisher stresses, "that for other minorities [ethnic, race, religious], education—more likely over-education—is a major means of climbing out of the pit." (For more about women in sales, see page 76.)

Women marketers' role

Job Description Activities	1984	1980
Sales meetings	74.6%	10.2%
Sales	69.8	36.7
Leads and inquiries	69.8	12.2
Trade shows	66.7	22.4
Market research, forecasting	57.1	26.5
Hiring, training	47.6	10.2
Direct mail	42.9	12.2
Budget	41.3	42.9
Media selection	36.5	36.7
Interaction with publishers, ad agencies	34.9	12.2
New-product development	17.5	14.3

Source: Schoonmaker Associates, *Mainly Marketing*, June 1984

Corporate Travel®

GE-Delta pact causes uproar

A controversial agreement between General Electric and Delta Air Lines raised the hackles of executives, travel agents, and airline officials at Focus '85, a seminar on corporate travel held in New York City last month. Briefly, the terms of the one-year agreement are as follows: Delta charges GE 30% less than the current list-price fares between 28 specified city pairs, and GE in return guarantees Delta $3 million in business, $1 million of it paid in advance. Delta national accounts manager Dave Anderson says this will triple GE's business with Delta. He also says that travel agents will still book flights and earn commissions, although many agents fear that will change. Several days before Focus '85, Anderson told S&MM that he was "confident" that other airlines were considering similar agreements, but that "none will admit it."

Certainly none admitted it at the seminar, which was sponsored by Hickory Travel Systems, a consortium of 50 travel agencies worldwide that specialize in corporate accounts. American Airlines president Robert Crandall said that "we don't think corporate discounts make any sense" because "discounts always reduce revenue." Pan American World Airways director of agency sales Barry M. Lemley said that Pan Am "likes the system the way it is," and Randall Malin, executive vice president, marketing, for USAir, says his company is "unalterably opposed to corporate discounts." But the sharpest remark came when it was reported that United Airlines senior vice president, marketing, John R. Zeeman, who was not present, had said that the agreement was one of the worst things that had happened to the industry in years. Robert W. Coggin, Delta's assistant vice president, marketing development, shot back, "People who live in glass houses. . . ." Coggin had earlier admitted that before the pact was signed, "over 60% of the GE business was moving at a discount fare, so we really didn't give GE much of a discount." He added, "We put their money in the bank and are getting 10% on it."

Meanwhile, several airline executives and travel agents said that if any more corporate discounts are offered, even airlines that are opposed will have to follow suit in order to avoid losing market share.

By Rayna Skolnik, Senior Editor